

## DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814

October 14, 1994

ALL COUNTY INFORMATION NOTICE I-40-94

TO: ALL COUNTY WELFARE DIRECTORS

SUBJECT: PUBLIC ASSISTANCE OVERPAYMENTS IN THE FOOD STAMP BUDGET  
WHEN THE PUBLIC ASSISTANCE GRANT IS REDUCED TO REPAY AN  
OVERPAYMENT

REFERENCE: MANUAL SECTIONS 63-502, INCOME, EXCLUSIONS AND  
DEDUCTIONS; AND 63-503, BENEFIT LEVELS

This notice provides counties with a policy clarification regarding calculating the Public Assistance (PA) grant in the Food Stamp budget when the PA grant is reduced to repay an overpayment.

The Food Stamp Manual of Policies and Procedures (MPP) Section 63-502.17 states, "Income shall also include monies withheld from AFDC, GA/GR, RCA, and ECA grants or other federal, state, or local means-tested program to repay an overpayment which resulted from the household's intentional failure to comply with that program's requirements." MPP Section 63-503.511(a) states, "The CWD shall identify that portion of the decrease which is the penalty. The penalty shall be that portion of the decrease in the grant attributed to the repayment of benefits overpaid as a result of the household's intentional failure to comply as determined by the other program." (Emphasis added.)

Example: Client normally receives \$185 in an AFDC grant. Twenty dollars is withheld to repay an overpayment. In accordance with Section 63-502.121, \$20 would be excluded and \$165 would be counted as income if the AFDC overpayment was an agency error. However, if the error was caused by the client's intentional failure to comply with an AFDC program requirement the \$20 would not be excluded, the client would be sanctioned for the appropriate period, and the entire \$185 would be counted as income in the Food Stamp budget.

In summary, if the AFDC grant is reduced because of an overpayment adjustment resulting from any applicant/recipient error which is determined to be an intentional program violation (IPV) in accordance with MPP 20-354, then the adjustment amount is included as income in the Food Stamp determination. In accordance with MPP 20-353.6, findings of AFDC IPVs from another State/County are valid in California.

## REASON FOR THIS TRANSMITTAL

- State Law Change
- Federal Law Change
- Court Order or Settlement Agreement
- Clarification Requested by One or More Counties
- Initiated by CDSS



If you have any questions regarding AFDC overpayments, please contact Pam Kian of the AFDC Policy Implementation Bureau at (916) 654-1801 or CALNET 464-1801. If you have any questions regarding AFDC Intentional Program Violations, please contact Dennis Ragasa at (916) 654-1063 or CALNET 464-1063. If you have any other questions regarding this letter, please contact Suzanne McNamee of the Food Stamp Program Bureau at (916) 657-3815 or CALNET 437-3815.



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Deputy Director  
Welfare Programs Division